

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1486 - HB 1539

January 17, 2014

SUMMARY OF BILL: Authorizes Industrial Loan and Thrift (TILT) companies to charge a nonrefundable convenience fee, in addition to any other interest and fees allowed by law, to offset the cost of accepting loan payments by electronic means, and requires them to make available to borrowers the option to make payments directly by check, cash, or money order, without the imposition of the convenience fee. Authorizes such companies to charge a bad check charge for any electronic payments not paid or honored by a bank or other depository institution on which such payments are drawn.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- The Department of Financial Institutions will ensure compliance with the provisions of this bill during regular examinations of TILT companies.
- Any regulatory or fiscal impact on the Department will not be significant and can be accommodated within existing resources.

IMPACT TO COMMERCE:

Increase Business Revenue – Exceeds \$52,100

Jobs Impact – Any increase in the number of private sector jobs in Tennessee is considered not significant.

Assumptions:

- According to the Department of Financial Institutions, as of March 31, 2013, the Department regulated 1,043 TILT companies.
- According to the Department's 2012 annual report, the average amount of net receivables per location was \$2,875,757. It is assumed that, beginning with FY14-15, each TILT location will receive on average \$2,500,000 annually in loan payments. The

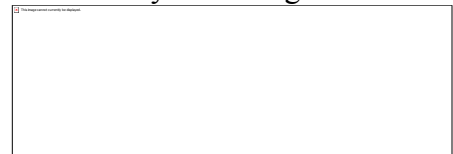
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total recurring amount of net receivables is estimated to be \$2,607,500,000 (\$1,043 x \$2,500,000).

- At least one percent of total payments, or \$26,075,000, will be made by a credit card, debit card, electronic funds transfer, electronic check, or other electronic means.
- The average actual cost incurred by TILT companies for accepting these types of payments is estimated to be one percent of the amount paid.
- At least 20 percent of TILT companies currently make available the option to make a payment by electronic means and will, upon passage of this bill, impose a convenience fee of one percent.
- The total recurring increase in business revenue is estimated to exceed \$52,150 (\$26,075,000 x 20.0% x 1.0%).
- Any decrease in the quantity demanded of services provided by TILT companies, resulting from imposition of the convenience fee, is estimated to be not significant.
- Any increase in business revenue from additional bad check charges is estimated to be not significant.
- Any increase in the number of private sector jobs in Tennessee is considered not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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